

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Leslie, et al. Analyst: Raul Guzman Bill Number: AB 1847  
 Related Bills: See Prior Analysis Telephone: 845-4624 Amended Date: May 9, 2006  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Conformity To Credit For Disabled Access Expenditures

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED \_\_\_\_\_ STILL APPLIES.

☒ OTHER – See comments below.

**SUMMARY**

This bill would modify the existing credit for disabled access expenditures.

**SUMMARY OF AMENDMENTS**

The May 9, 2006, amendments provided a credit for 50% of \$250 of the eligible expenses and changed the allowable percentage of credit from 50% to 20% for eligible expenses that exceed \$250. The bill as amended adds a definition of “qualified small business.” The bill, as amended, would also repeal, as of January 1, 2012, the expanded percentage of the credit and revert back to the credit that existed for taxable years beginning prior to January 1, 2006.

As a result of the May 9, 2006, amendments, the new credit percentage information and the repeal information will be added to the “This Bill” portion of the analysis. The department’s “Implementation Consideration” regarding the carryover period of unused credits has been addressed by allowing unused credits to be carried over for 9 years. New Economic Impact information is being provided. The remainder of the analysis of the bill as amended March 16, 2006, still applies.

Board Position:

\_\_\_\_\_ S      \_\_\_\_\_ NA      \_\_\_\_\_ NP  
 \_\_\_\_\_ SA      \_\_\_\_\_ O      \_\_\_\_\_ NAR  
 \_\_\_\_\_ N      \_\_\_\_\_ OUA      ☒ PENDING

Legislative Director

Date

Brian Putler

05/17/06

## THIS BILL

The bill, as amended, modified the 50% credit computation and provides a 20% credit computation for qualified expenses exceeding \$250, but not more than \$10,250.

This bill would require taxpayers to do two computations to arrive at the allowable credit amount. The Disabled Access Expenditure credit amount for the taxable year would be computed as follows:

1. Fifty percent (50%) of the eligible access expenditures that do not exceed \$250.
2. Twenty percent (20%) of the eligible access expenditures in excess of \$250 that do not exceed \$10,250.

This bill would allow a maximum disabled access expenditures credit of \$2,125  $[(\$250 \times 50\%) + (\$10,000 \times 20\%)]$ .

This bill would define “qualified small business” as a business that pays or incurs costs for eligible access expenditures to provide access to disabled individuals for a facility located in California.

This bill would provide that costs paid by the taxpayer would not include any governmental grant or subsidy received by the taxpayer that is used for eligible access expenditures to provide access to disabled individuals.

This bill would repeal the new provisions on January 1, 2012. It would also enact provisions consistent with existing law that would become operative as of that date.

## TECHNICAL CONSIDERATIONS

This bill defines the term “qualified small business,” which is unused in this bill or Section 44 of the Internal Revenue Code. The term “eligible small business” is used and defined in Section 44. If the author intends to use the same term as what is used in Section 44, the term needs to be revised.

This bill as amended appears to have left out an explanation that taxpayers are allowed a maximum credit of \$2,125. It is recommended that the author amend the bill and insert on page 2, line 14, the words “the sum of,” between “exceed” and “the following.”

## ECONOMIC IMPACT

### **Revenue Estimate:**

Based on data and assumptions discussed below, the PIT and Corporation Tax revenue gain/loss from this bill would be as follows:

Estimated Impact of AB 1847 on California Applicable for tax years beginning on or after 1/1/06 (Rounded to Nearest \$ Million)			
Fiscal Year	2006-07	2007-08	2008-09
Revenue Loss	-\$2	-\$2	-\$2

This analysis does not consider any possible changes in employment, personal income, or gross state product that could result from this bill.

**Revenue Discussion:**

This amendment reduces the maximum additional credit allowed by this proposal by approximately 60% to \$2,125. As a result, the revenue loss has been reduced by 60% (\$5 million x 0.4). The revised revenue estimate is a loss of \$2 million annually.

This estimate assumes the subsidy/grant-offset provision will have an immaterial impact on our revenue estimate. In addition, the modified definition for qualified small business follows the assumption made in an earlier analysis that limited this credit only to eligible small businesses with facilities located in this state.

**LEGISLATIVE STAFF CONTACT**

Raul Guzman  
Franchise Tax Board  
(916) 845-4624  
[raul.guzman@ftb.ca.gov](mailto:raul.guzman@ftb.ca.gov)

Brian Putler  
Franchise Tax Board  
(916) 845-6333  
[brian.putler@ftb.ca.gov](mailto:brian.putler@ftb.ca.gov)